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FORM 10-Q

SECURITIES & EXCHANGE COMMISSION
Washington, DC 20549

QUARTERLY REPORT UNDER SECTION 13 OR 15 (d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended March 31, 1992 Commission File Number 0-15061

Viral Response Systems, Inc.
(Exact name of Registrant as specified in its Charter)

Delaware	06-1094112
(State or other jurisdiction of incorporation of organization)	(I.R.S. employer I.D. Number)
34 East Putnam Avenue, Greenwich, CT	06830
(Address of principal executive offices)	(Zip code)

The Company's telephone number, including area code: (203) 661-1550

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

X
YES

NO

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock, $.002 par value: 4,108,916 shares as of March 31, 1992.

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ITEM 1: FINANCIAL INFORMATION

The condensed financial statements included herein have been prepared by Viral Response Systems, Inc. (the "Company"), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. While certain information and footnote disclosure normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, the Company believes that the disclosures made herein are adequate to make the information presented not misleading. It is recommended that these condensed financial statements be read in conjunction with the financial statements and notes thereto included in the Company's Annual Report filed on Form 10K for the year ended December 31, 1991.

In the opinion of the Company, all adjustments, all of which are of a normal recurring nature, necessary to present fairly the financial position of Viral Response Systems, Inc. as of March 31, 1992 and results of its operations and cash flows for the three months ended March 31, 1992 and 1991, have been included.

VIRAL RESPONSE SYSTEMS, INC.

BALANCE SHEETS - MARCH 31, 1992 AND DECEMBER 31, 1991

ASSETS	March 31, 1992 (Unaudited)	December 31, 1991
CURRENT ASSETS:		
Cash and equivalents	$ 775,902	$ 1,048,880
Investments (Note #2)	213,337	
Accounts receivable (net of allowance of $13,199 in 1992 and $17,669 in 1991)	16,186	21,280
Inventory (Note #2)	451,544	449,434
Prepaid expenses and other	7,040	10,133
TOTAL CURRENT ASSETS	1,464,009	1,529,727
FIXED ASSETS (net of accumulated depreciation of $71,836 in 1992, $70,949 in 1991)	2,911	3,798
PATENTS (net of accumulated amortization of $41,547 in 1992 and $40,026 in 1991)	37,866	39,387
TOTAL ASSETS	$1,504,786	$1,572,912
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 52,885	$ 61,226
Accrued expenses	282	8,500
TOTAL CURRENT LIABILITIES	53,167	69,726
SHAREHOLDERS' EQUITY:		
Common stock, $.002 par value, 10,000,000 shares authorized, 4,108,916 shares issued and outstanding in 1992 and 4,118,916 in 1991.	8,218	8,238
Additional paid-in capital	3,131,355	3,138,225
Accumulated deficit	(1,687,954)	(1,643,277)
TOTAL SHAREHOLDERS' EQUITY	1,451,619	1,503,186
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$1,504,786	$1,572,912

The accompanying notes to financial statements are an integral part of these balance sheets.

VIRAL RESPONSE SYSTEMS, INC.

STATEMENTS OF OPERATIONS

FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991

	Three Months Ended March 31,	
	1992 (Unaudited)	1991
NET SALES	$ 13,221	$ 51,454
COST OF SALES	13,942	20,392
Gross Margin	(721)	31,062
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (including $12,590 and $16,573 of advertising expenses in 1992 and 1991, respectively)	64,186	91,005
Operating loss	(64,907)	(59,943)
INTEREST INCOME, NET	20,230	4,873
NET LOSS	$ (44,677)	$ (55,070)
NET LOSS PER SHARE	($.01)	($.01)
WEIGHTED AVERAGE NUMBER OR SHARES OUTSTANDING	4,131,534	4,208,482

The accompanying notes to financial statements are an integral part of these statements.

VIRAL RESPONSE SYSTEMS, INC

STATEMENTS OF SHAREHOLDERS' EQUITY

FOR THE THREE MONTHS ENDED MARCH 1, 1992 AND 1991

	Common Stock	Additional Paid In Capital	Accumulated Deficit	Total
BALANCE, December 31, 1990	$ 8,423	$ 3,146,728	$ (1,390,849)	$ 1,764,302
Purchase of 92,655 shares	(185)	(8,503)		(8,688)
Net loss for three months ended March 31, 1991			(55,070)	(55,070)
BALANCE, March 31, 1991	$ 8,238	$ 3,138,225	$ (1,445,919)	$ 1,700,544
BALANCE, December 31,1991	$ 8,238	$ 3,138,225	$ (1,643,277)	$ 1,503,186
Purchase of 10,000 shares	(20)	(6,870)		(6,890)
Net loss for three months ended March 31, 1992			(44,677)	(44,677)
BALANCE, March 31, 1992	$ 8,218	$ 3,131,355	$ (1,687,954)	$ 1,451,619

VIRAL RESPONSE SYSTEMS, INC.

STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991

	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES:		
NET LOSS	$ (44,677)	$ (55,070)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities-		
Depreciation and amortization	2,408	1,521
Change in assets and liabilities:		
Decrease in accounts receivable	5,094	261
Decrease (Increase) in inventory	(2,110)	5,982
Decrease in prepaid expenses and other	3,093	7,838
(Decrease) in accounts payable and accrued expenses	(16,559)	(14,151)
TOTAL ADJUSTMENTS	(8,074)	1,451
NET CASH (USED IN) ACTIVITIES	(52,751)	(53,619)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Fixed asset purchases and patent costs		1,575
Acquisition of Corporate Bonds	(213,337)	
NET CASH USED IN INVESTING ACTIVITIES	(213,337)	(1,575)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Purchase of treasury stock	(6,890)	(8,688)
NET CASH USED IN FINANCING ACTIVITIES	(6,890)	(8,688)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(272,978)	(63,882)
CASH AND CASH EQUIVALENTS, AT BEGINNING OF PERIOD	1,048,880	1,238,041
CASH AND CASH EQUIVALENTS, AT END OF PERIOD	$ 775,902	$ 1,174,159

The accompanying notes to financial statements are an integral part of these statements.

VIRAL RESPONSE SYSTEMS, INC.

NOTES TO FINANCIAL STATEMENTS

(1) The Company:

Viral Response Systems, Inc. (the "Company") was incorporated in Delaware on June 17, 1983. The Company's business involves marketing and manufacturing the "Viralizer," a portable electric health care device and companion medicants, "Vira-Spray," designed to be used together to alleviate cold symptoms, allergies and sinusitis. The Company secured financing through a public offering of common stock in September 1986.

(2) Summary of Significant Accounting Policies:

Inventory

Inventory is stated at the lower of first-in, first-out (FIFO) cost or market (net realizable value) and consisted of the following:

	March 31, 1992	December 31, 1991
Raw materials	$352,194	$381,379
Finished goods	99,350	68,055

Research and development costs

For the three month period ended March 31, 1992 and 1991, the Company incurred no research and development costs.

Fixed assets

Fixed assets are stated at cost. Depreciation is computed by use of the straight-line method based on the estimated useful lives of the assets.

Net loss per share

Net loss per share has been computed based on the weighted average number of common shares outstanding each period.

Investments

Investments are recorded at lower of aggregate cost than aggregate market.

	Aggregate Cost	Aggregate Market
Corporate Bonds	$213,337	$215,821

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Viral Response Systems, Inc. was incorporated in June 1983 to develop and market the Viralizer System consisting of the Viralizer, an electrically operated heated nebulizer and the Vira Spray companion medicants. The Viralizer System is sold as a health care device for treatment of upper respiratory symptoms including colds, allergies and sinusitis.

The financial information presented herein includes: (1) Statements of Operations for the Three Months ended March 31, 1992 and 1991, (2) Balance Sheets as of March 31, 1992 and December 31, 1991, (3) Statements of Shareholders' Equity for the Three Months Ended March 31, 1992 and 1991, and (4) Statements of Cash Flows for the Three Months Ended March 31, 1992 and 1991.

Financial Condition, Liquidity and Capital Resources

The Company's cash and equivalents totaled $775,902 March 31, 1992, compared to $1,048,880 on December 31, 1991, and the Company's working capital totaled $1,410,842 on March 31, 1992, compared to $1,460,001 as of December 31, 1991.

Results of Operations

The Company's net sales for the three-month period ended March 31, 1992, which consists almost entirely of wholesale and retail sales of the Viralizer System were $13,221, as compared to sales of $51,454 for the comparable period of the prior year. The operating loss for the three-month period ended March 31, 1992, was $64,907 and the net loss was $44,677 or $.01 per share.

The operating loss for the three months ended March 31, 1992, is a result of lower sales resulting from a widely disseminated and untrue article in the January 1989 issue of Consumer Reports Magazine and untruths promulgated by competitors, retailers and the press office of the Federal Trade Commission. Management believes that the untruths and their effects have been detrimental to the Company's operations. Future sales are difficult to predict.

In conjunction with the ongoing distribution of the Viralizer and Vira-Sprays, the Company plans to continue extensive sales and marketing efforts utilizing in-house sales as well as manufacturers' representatives to retailers and direct marketing to consumers. The Company expects to continue to employ contract manufacturers to provide its manufacturing, assembly and fulfillment operations.

The Company scuffled the Federal Trade Commission's complaint of February 1991 pertaining to perceived advertising claims and the matter is now before the Federal Trade Commission. The Company settled to avoid lengthy, costly and unjust litigation and admitted to no violations.

ITEM 6: EXHIBITS AND REPORTS

(A) Exhibits

11. See Note 2 of the notes to financial statements regarding computation of loss per share.

(B) Reports on Form 8-K

None

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

VIRAL RESPONSE SYSTEMS, INC.
(Registrant)

Date: May 13, 1992

Robert S. Krauser, Chairman of the Board
(Principal Executive Officer and
Financial and Accounting Officer)